

12TH ANNUAL REPORT

2016 - 2017



PECOS HOTELS AND PUBS LTD

CORPORATE INFORMATION

BOARD OF DIRECTORS

Mr. Collin Richard Timms	Chairman & Managing Director
Mr. Liam Norman Timms	Whole-time Director
Mr. Jayanta Chatterjee	Executive Director (up to 12 th August, 2017)
Ms. Olinda Timms	Non-Executive Director
Ms. Nina Nayar	Non-Executive Independent Director
Mr. Lloyd John Pereira	Non-Executive Independent Director
Mr. Koilpillai Joseph Davaraj	Non-Executive Independent Director

CHIEF FINANCIAL OFFICER

Mr. Shailesh B. M.

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Swapnil Kshirsagar (up to 12th August 2017)

Mr. Kiran P George (with effect from 12th August 2017)

COMMITTEES

1. Audit Committee

Mr. Lloyd John Pereira : Chairman

Mr. Koilpillai Joseph Davaraj : Member

Mr. Collin Richard Timms : Member

2. Nomination & Remuneration Committee

Ms. Nina Nayar : Chairman

Mr. Koilpillai Joseph Davaraj : Member

Mr. Lloyd John Pereira : Member

3. Stakeholders Relationship Committee

Mr. Koilpillai Joseph Davaraj : Chairman

Mr. Lloyd John Pereira : Member

Ms. Nina Nayar : Member

OTHER INFORMATION

REGISTERED OFFICE

No. 189/1, 1st, 2nd, 3rd & 4th Floor
Brigade Road,
Bengaluru – 560 001

CORPORATE OFFICE

No. 139, 2nd Floor,
Guardian House, Infantry Road,
Bengaluru – 560 001

BANKERS

Guardian Souharda Sahakari Bank Niyamita

LISTING:

BSE Limited-SME Platform
Phiroze Jeejeebhoy Towers
Dalal Street
Mumbai- 400001

STATUTORY AUDITORS

M/s K. Venkatachalam Aiyer and Co.
Chartered Accountants
No. 1657, III Floor,
HAL 3rd Stage,
Jeevan Bhima Nagar, Main Road,
Bengaluru – 560 075

REGISTRAR AND TRANSFER AGENT

Link Intime India Private Limited

C-101, 247 Park,

L.B.S. Marg, Vikhroli (West)

Mumbai – 400 083

Tel No : +91 22 49186270 Fax: +91 22 49186060

E-mail id : rnt.helpdesk@linkintime.co.in

Website : www.linkintime.co.in

Contact Details for Investors:

Mr. Kiran P George

Company Secretary and Compliance Officer

No. 139, 2nd Floor,

Guardian House (Gurumurthy Bhavan)

Infantry Road,

Bengaluru – 560001

Telephone: (080) 25580971

Mail Id:pecoscs2005@gmail.com

INDEX

S. No.	Particulars	Page No.
1.	Letter to Shareholders	5
2.	Route Map to the AGM	6
3.	Notice	7
4.	Directors Report	11
5.	Extract of Annual Return	19
6.	Secretarial Audit Report	30
7.	Corporate Governance	35
8.	Management Discussion and Analysis Report	47
9.	Declaration – Compliance with Code of Conduct	50
10.	CEO/ CFO Certification	51
11.	Practicing Company Secretary Certificate on Corporate Governance	52
12.	Independent Auditors Report	53
13.	Balance Sheet	61
14.	Statement of Profit and Loss	62
15.	Cash Flow Statement	63
16.	Notes forming part of Accounts	64
17.	Notes to Accounts	67
18.	Proxy Form	80
19.	Attendance Slip	82

LETTER TO SHAREHOLDERS

Dear Shareholders,

It is with immense pleasure that I place before you the 12th Annual Report of your Company. We are happy to close last financial year 2016-17 on a positive note despite the challenges of demonetization faced by the food & beverages retail industry. The Number of restaurants operated by our company has increased with the addition of units at Nasik & Pune in Maharashtra and at Hyderabad in Telangana. Your company has entered into a strategic tie up with Accor Hotels to operate the F&B outlets at Formula-1 Branded Hotels.

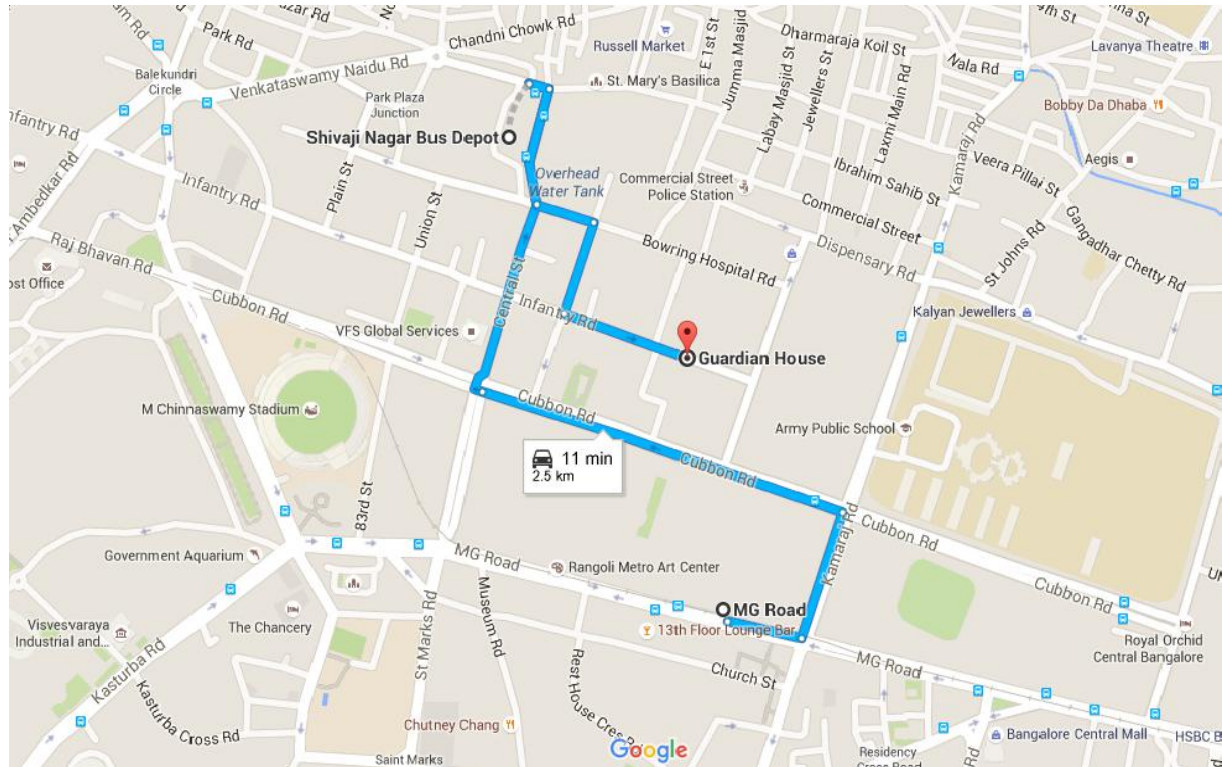
This financial year performance of your company would not have been possible without the hard work and commitment of our Management team to whom I am deeply grateful.

I also wish to place on record our appreciation for our Consultants and vendors who have helped us achieving our Success.

Yours Sincerely
Collin Richard Timms
Managing Director

ROUTE MAP

Venue: 139, 2nd Floor, Guardian House (Gurumurthy Bhavan),
Infantry Road, Bengaluru – 560001.



Landmark: Safina Plaza

Distance from **Shivaji Nagar Bus Stand:** 800m

Distance from **M.G. Road Metro Station:** 2.5 km

NOTICE

Notice is hereby given that **Twelfth Annual General Meeting** of the Members of **Pecos Hotels and Pubs Limited** will be held on **Saturday**, the **30TH** day of **September, 2017** at **11:00 A. M.** at **No. 139, 2nd Floor, Guardian House (Gurumurthy Bhavan), Infantry Road, Bengaluru – 560001** to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the Audited Balance Sheet as at **March 31, 2017** the Statement of Profit and Loss Account for the Financial Period ended as on that date along with the Directors Report and Auditors Report thereon.
2. To appoint Director in place of Mr. Collin Richard Timms, who retires by rotation and being eligible offers herself for re-appointment.
3. Re-Appointment of Auditors:

To consider and if thought fit to pass with or without modification(s) the following resolution as an Ordinary Resolution:

“RESOLVED THAT pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013, and the rules framed thereunder, as amended from time to time, the Company hereby ratifies the appointment of M/s K. Venkatachalam Aiyer and Co., Chartered Accountants (Firm Regn. No. 004610S) as an Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such terms and remuneration as may be agreed upon between the Audit Committee/ Board of Directors of the Company and the Auditors.”

**By Order of the Board of Directors
For Pecos Hotels and Pubs Limited**

**Date: 05.09.2017
Place: Bengaluru**

**Kiran P George
Company Secretary**

NOTES:

1. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE FOR HIS/ HER BEHALF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY.**
2. The instrument of Proxy, in order to be effective, should be deposited at the Corporate Office of the Company, duly completed and signed, not later than 48 hours before the commencement of the Meeting. A proxy form is annexed to this report.
3. A Person can act as Proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. Further, a member holding more than ten percent of the total Share Capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or member.
4. Corporate members intending to send their authorized representatives to attend the meeting are requested to send a certified copy of the Board Resolution authorizing their representative to attend and vote on their behalf at the meeting.
5. The Register of Members and Transfer Books of the Company will remain closed from Saturday, September 23, 2017 to Saturday, September 30, 2017 (Both days inclusive).
6. Members holding shares in physical form are requested to consider converting their holdings to dematerialized form to eliminate all risks associated with physical shares. Members can contact the Company's Registrar and Transfer Agent for assistance in this regard.
7. In case of joint holders attending the AGM, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote.
8. Members holding shares in electronic mode are requested to intimate all changes pertaining to their registered email id, bank details, mandates, nominations, etc. to their Depository Participants. Changes intimated to the Depository Participants will then be automatically reflected in the Company's record which will help the Company and its Registrar and Transfer Agents, M/s Link Intime (India) Private Limited to provide efficient and better service to the Members. Members holding shares in Physical form are requested to intimate such changes to M/s Link Intime (India) Private Limited. The Securities and Exchange Board of India ("SEBI") has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore requested to submit the PAN to their depository participants with whom they are maintaining their demat accounts.

Members holding shares in physical form can submit their PAN details to Registrar and Transfer Agent.

9. Members desiring any information relating to the accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready at the meeting.
10. Members are requested to bring their copies of the Annual Report to the Meeting.
11. The Ministry of Corporate Affairs has taken a Green Initiative in Corporate Governance by issuing circulars allowing paperless compliances by companies through electronic mode. Further, in line with recent circular issued by the Securities Exchange Board of India (SEBI) and consequent changes in the listing agreement, the Notice of the AGM along with the Annual Report 2016-17 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company/ Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. Members may note that this Notice and the Annual Report 2016-17 will also be available on the Company's website viz. www.pecospub.com.
12. The route map showing directions to reach the venue of the Meeting is annexed.
13. As per Notification issued by Ministry of Corporate Affairs, with reference to the Companies (Management and Administration) Rules, 2014, Companies covered under Chapter XB and Chapter XC as per SEBI (ICDR) Regulations, 2009 will be exempted from E-Voting provisions. Also, no such provision is available in SME Equity Listing Agreement. Company is covered under Chapter XB as it is a SME Company and listed on SME platform of BSE Limited. Therefore Company is not providing E-Voting facility to its shareholders.
14. Members, Proxies and Authorized Representatives are requested to bring to the meeting, the Attendance Slip enclosed herewith, duly completed and signed, mentioning therein details of their DP ID and Client ID / Folio No.

Details of Directors seeking appointment/ re-appointment at the Annual General Meeting

Name of Director	MR. COLLIN RICHARD TIMMS	
DIN	00523528	
Date of Birth	June 04, 1962	
Date of Appointment	February 14, 2005	
Expertise in Specific Functional Areas	<ul style="list-style-type: none"> • Management Ethics and Legal Matters • Keynote speaker on Social enterprise 	
Qualification	<ul style="list-style-type: none"> • Diploma in Civil Engineering from Government Polytechnic Bombay 	
No. of shares held in the Company	464995	
Directorship held in other Public companies	YES	
Membership/ Chairmanships of Committees of other Public Company (includes only Audit Committee and Shareholders Relationship Committee)	NA	

DIRECTORS' REPORT

Dear Members,

Your Directors are pleased to present the **12th Annual Report** and the Company's Audited Accounts for the Financial Year ended **March 31, 2017**.

1. FINANCIAL RESULTS:

(₹ in lakhs)		
Particulars	2016-17	2015-16
Revenue from Operations	517.97	428.66
Other Income	43.43	55.60
Total Revenue	561.40	484.26
Less: Total Expenses	513.28	436.54
Profit before tax	48.12	47.72
Tax Expenses	15.20	17.94
Profit after tax	32.92	29.78
Earning per equity share- Basic & Diluted	2.51	2.27

2. DIVIDEND:

In view of the rapid expansion of the Company it would be prudent to reinvest the profit into the Company at this stage. In view of this Directors have not recommended any dividend on equity shares for the year under review.

3. REVIEW OF OPERATIONS:

During the year under review, Revenue from Operation of the Company was ₹ 517.97 Lakhs as compared to ₹ 428.66 Lakhs in the corresponding previous year. The Company earned a profit after tax of ₹ 32.92 lakhs as compared to ₹ 29.78 lakhs in the previous year. The Company's reserve and surplus increased from ₹ 213.16 Lakhs to ₹ 246.08 Lakhs.

4. DEPOSITS:

Your Company has not accepted any deposits within the meaning of section 73 of the Companies, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

5. SHARE CAPITAL:

At present, the Company has only one class of shares – equity shares with face value of Rs. 10 each. The paid up share capital of the Company is Rs. 130.99 Lacs. Divided into 13,09,875 equity shares of Rs. 10/- each

During the year under review, the Company has not issued shares with differential voting rights nor granted stock options nor sweat equity.

6. SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATES:

As on date the Company does not have any subsidiary, joint venture or associate company.

7. CHANGES IN NATURE OF BUSINESS:

There is no significant change made in the nature of the company during the financial year.

8. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS MADE UNDER SECTION 186 OF THE COMPANIES ACT, 2013:

Details of Loans, guarantees or Investments, if any, covered under the provision of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

9. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS:

No such orders have been passed by the Regulators/ Courts or Tribunals which can impact the going concern status and company's operation in future.

10. DETAILS OF ENERGY TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

(a) Conservation of Energy:

The Company requires energy for the purpose of general lighting adequate measures for the conservation of energy are undertaken by the Company through the exercise of general checks and controls.

(b) Research and Development:

The company has made efforts to develop food preparation practices that minimize the use of energy

(c) Technology Absorption, Adaption and Innovation:

(i) Efforts made:

The company has implemented food preparation techniques of the highest standard and proper storage facility to control the wastage of raw materials and semi prepared food and also efforts are made to develop the process that reduce energy consumptions.

(ii) Benefits derived as a result of above efforts:

The above efforts resulted in client enjoying a better quality product that is delivered to them quicker and also resulted in reduction of cost of production and enhancing higher margin.

(d) Foreign Exchange Earnings and outgo:

Your company does not have any foreign exchange earnings and outgo during the year under review.

11. EXTRACTS OF ANNUAL RETURN:

The extracts of Annual Return to the provisions of Section 92 read with Rule 12 of the Companies (Management and Administration) Rules, 2014, in MGT-9 is attached herewith as **Annexure I**.

12. RISK MANAGEMENT:

The Company has established a well-defined process of risk management, wherein the identification, analysis and assessment of the various risks, measuring of the probable impact of such risks, formulation of risk mitigation strategy and implementation of the same takes place in a structured manner. Though the various risks associated with the business cannot be eliminated completely, all efforts are made to minimize the impact of such risks on the operations of the Company. In the opinion of the Board there are no risks which would threaten the existence of the Company.

13. DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The Board of Directors of your Company has varied executive and non-executive directors including Independent Directors who have wide and varied experience in different disciplines of corporate functioning.

In accordance with the provisions of Section 152 of the Companies Act, 2013 and Articles of Association of the Company, Mr. collin Richard Timms (DIN:00523528) retires by rotation at the ensuing Annual General Meeting and being eligible in terms of Section 164 of the Act offers himself for re-appointment.

Mr. Jayanta Chatterjee has been re-designated as Non-Executive Director from the Executive Director of the Company w.e.f. 01st April, 2017 owing to his unwillingness to continue to perform as Executive Director due to his busy Schedule.

Mr. Jayanta Chatterjee, Non-executive Director of the Company and Ms. Swapnil Kshirsagar, Company Secretary & Compliance Officer of the Company have resigned with effect from 12th August, 2017. The Board placed on record its appreciation for the assistance and guidance provided by Mr. Jayanta Chatterjee during his tenure as

Non Executive Director of the Company and Ms. Swapnil Kshirsagar during her tenure as Company Secretary & Compliance Officer of the Company.

The Board has appointed Mr. Kiran P George as Company Secretary and Compliance Officer of the Company w.e.f. 12th August, 2017.

As required under Section 203 of the Companies Act, 2013, the Company has, Mr. Collin Richard Timms, Managing Director, Mr. Liam Norman Timms, Whole-time Director Mr. Shailesh B. M., Chief Financial Officer and Mr. Kiran P George as Company Secretary under Key Managerial Personnel of the Company.

14. DECLARATION BY INDEPENDENT DIRECTORS:

Pursuant to provisions of Section 149 of the Companies Act, 2013, Ms. Nina Nayar, Mr. Koilpillai Joseph Davaraj and Mr. Lloyd John Pereira were appointed as an Independent Directors at the Extra-ordinary General Meeting of the Company held on March 25, 2015. The terms and condition of appointment of Independent Directors are as per Schedule IV of the Companies Act, 2013. They have submitted a declaration that each of them meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and there has been no change in the circumstances which may affect their status as Independent Director during the year.

15. MEETING OF BOARD OF DIRECTORS:

During the year under review, 6 Board Meetings were held. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013

SR.NO	Date on which board Meetings were held
1	06-May-2016
2	26-May-2016
3	19-August-2016
4	01-October-2016
5	14-November-2016
6	15-February-2017

16. DIRECTORS RESPONSIBILITY STATEMENT:

In accordance with provisions of Section 134(5) of the Companies Act, 2013 the Board hereby submits its Responsibility Statement:

- i. In the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- ii. The directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year 31st March, 2016 and of the profit and loss of the company for that period;
- iii. The directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- iv. The directors had prepared the annual accounts on a going concern basis;
- v. The directors, in the case of a listed company, had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.
- vi. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

17. CORPORATE SOCIAL RESPONSIBILITY:

Since the Company's Net worth does not exceed ₹ 500 crores or the Company's turnover does not exceed ₹ 1000 crores or the Company's Net Profit does not exceed ₹ 5 Crore for any Financial Year, the provisions of section 135 of the Companies Act, 2013 are not applicable.

18. PARTICULARS OF CONTRACTS OR ARRANGEMENTS MADE WITH RELATED PARTIES:

The particulars of Contracts or Arrangements made with related parties made pursuant to Section 188 of the Companies Act, 2013 is furnished in form AOC-2 is attached herewith as **Annexure II.**

19. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

No cases filed during the financial year and their disposal under the Act.

20. AUDITORS:

Pursuant to provisions of section 139 of the Companies Act, 2013 and the rules framed thereunder, M/s K. Vennkatachalam Aiyer & Co., Chartered Accountants were appointed as statutory auditor of the company from the conclusion of 9th Annual General Meeting of the Company held on 29th September, 2014 for a term of five consecutive years, subject to ratification of their appointment at every Annual General Meeting.

21. AUDITORS' REPORT AND SECRETARIAL AUDITORS' REPORT

The auditors' report and secretarial auditors' report does not contain any qualifications, reservations or adverse remarks. Report of the secretarial auditor is given as an **Annexure III** which forms part of this report.

22. CORPORATE GOVERNANCE

The Company has taken adequate steps to adhere to all the stipulations laid down under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015. A report on Corporate Governance included as a part of this Annual Report is given in **Annexure-IV**.

Certificate from the Practicing Company Secretary of the company confirming the compliance with the conditions of Corporate Governance as stipulated under the SME Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 is attached to this Annual Report.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report is given as an **Annexure V** which forms part of this report.

24. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. During the year, such controls were tested and no reportable material weakness in operation was observed.

25. BOARD EVALUATION:

The Board has carried out an evaluation of its own performance, the directors individually as well as the working of its Committees.

26. USE OF PROCEEDS:

The proceeds from the Issue of the Company stated in the Prospectus/ Offer Document has been fully utilized for the purpose for which they were raised and there is no deviation in the utilization of proceeds.

27. DISCLOSURES PURSUANT TO SECTION 197 (12) OF THE COMPANIES ACT, 2013 AND THE RULES MADE THEREUNDER / PARTICULAR OF EMPLOYEES:

The information required under section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are given below:

a. The ratio of remuneration of each director to the median remuneration of the employees of the company for the financial year:

Name of the Directors	Ratio to median remuneration
Executive Directors	
Mr. Collin Richard Timms	3.33:1
Mr. Liam Norman Timms	4.79:1
Mr. Jayanta Chatterjee	10.42:1

For this purpose, sitting fees paid to the directors has not been considered as Remuneration.

b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the Financial Year: NIL

Name	Designation	% Increase/Decrease
Mr. Collin Richard Timms	Managing Director	-
Mr. Liam Norman Timms	Whole time director	75%
Mr. Jayanta Chatterjee	Executive Director	-

- c. the percentage increase in the median remuneration of employees in the financial year: NIL
- d. the number of permanent employees on the rolls of company: 43
- e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration: NIL
- f. The key parameters for any variable component of remuneration of remuneration availed by the directors: Not Applicable
- g. Affirmation that the remuneration is as per the remuneration policy of the company:

The Company affirms remuneration is as per the remuneration policy of the Company.

28. ACKNOWLEDGEMENT:

The Board of Directors gratefully acknowledges the assistance and co-operation received from the Banks and all statutory and non statutory agencies for their cooperation. The Board of Directors also wish to place on record their gratitude and appreciation to the members for their trust and confidence shown in the Company.

The Board of Directors would like to especially thank all the employees of the Company for their dedication and loyalty.

For and on behalf of the Board

Collin Richard Timms
Managing Director

Date: 05.09.2017
Place: Bengaluru

ANNEXURE I

**Form No.MGT-9
EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON
31ST MARCH, 2017**

**Pursuant to section 92(3) of the Companies Act, 2013 and rule 12 (1) of the
Companies (Management and Administration) Rules, 2014**

I. REGISTRATION AND OTHER DETAILS:

i.	CIN	L55101KA2005PLC035603
ii.	Registration Date	14/02/2005
iii.	Name of the Company	PECOS HOTELS AND PUBS LIMITED
iv.	Category/Sub-Category of the Company	Company limited by shares Indian Non-Government Company
v.	Address of the Registered office and contact details	No.189/1, 1 st , 2 nd , 3 rd & 4 th Floor, Brigade Road, Bangalore, Karnataka- 560001
vi.	Whether listed company	Yes
vii.	Name, Address and Contact details of Registrar and Transfer Agent, if any	Link Intime India Private Limited C-101, 247 Park, L.B.S. Marg, Vikhroli (West), Mumbai – 400 083

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products/ services	NIC Code of the Product/ service	% to total turnover of the company
1	Meal serving services with full restaurant services	99633101	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	%of shares held	Applicable Section
NOT APPLICABLE					

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2016				No. of Shares held at the end of the year i.e., 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
1) Indian									
a) Individual/ HUF	779997	0	779997	59.5474	779997	0	779997	59.5474	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	70875	0	70875	5.4108	70875	0	70875	5.4108	0
e) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
Sub- total (A)(1)	850872	0	850872	64.9582	850872	0	850872	64.9582	0
2) Foreign									
a) NRIs-Individuals	0	0	0	0	0	0	0	0	0
b) Other-Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	0	0	0	0	0	0	0	0	0
d) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
Sub-total (A)(2)	0	0	0	0	0	0	0	0	0
Total Shareholding of Promoter and Promoter Group (A)	850872	0	850872	64.9582	850872	0	850872	64.9582	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	0	0	0	0	0
b) Banks / Financial Institutions	0	0	0	0	0	0	0	0	0
c) Central Govt	0	0	0	0	0	0	0	0	0
d) State Govt (s)	0	0	0	0	0	0	0	0	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	0	0	0	0	0	0	0	0	0

Pecos Hotels and Pubs Limited
Annual Report 2016-17

Category of Shareholders	No. of Shares held at the beginning of the year i.e., 01.04.2016				No. of Shares held at the end of the year i.e., 31.03.2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
g) FIIs	0	0	0	0	0	0	0	0	0
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(1)	0	0	0	0	0	0	0	0	0
2. Non Institutions									
a) Bodies Corporate	102000	0	102000	7.7870	63000	0	63000	4.8096	2.9774
b) Individuals:									
(i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	147003	0	147003	11.2227	123003	0	123003	9.3904	0
(ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	189000	0	189000	14.4288	240000	0	240000	18.3224	
c) Others (Specify)	0	0	0	0	0	0	0	0	0
(i) HUF	18000	0	18000	1.3742	27000	0	27000	2.0613	0
(ii) Clearing Member	3000	0	3000	0.2290	6000	0	6000	0.4581	0.2291
Sub-total (B)(2)	459003	0	459003	35.0417	459003	0	459003	35.0417	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	459003	0	459003	35.0417	459003	0	459003	35.0417	
TOTAL (A) + (B)	1309875	0	1309875	100.00	1309875	0	1309875	100.00	0.0000
C. Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0	0	0	0	0	0
GRAND TOTAL (A) + (B) + (C)	0	850875	850875	100.00	1309875	0	1309875	100.00	0

ii) Shareholding of Promoters (including Promoter Group)

S. No.	Shareholder's Name	Shareholding at the beginning of the year 01.04.2016			Shareholding at the end of the year 31.03.2017			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Collin Richard Timms	464995	35.4991	0	464995	35.4991	0	0
2.	Olinda Timms	315000	24.0481	0	315000	24.0481	0	0
3.	Delfin International Limited	70875	5.4108	0	70875	5.4108	0	0
4.	Liam Timms	1	0.0001	0	1	0.0001	0	0
5.	Sabina Timms	1	0.0001	0	1	0.0001	0	0
Total		850872	64.9582	0	850872	64.9582	0	0

iii) Change in Promoters' (including Promoter Group) Shareholding (please specify, if there is no change)

NOTE: There is no change in the number of shares held by the Promoters (including Promoter Group) of the Company.

**iv) Shareholding Pattern of top ten Shareholders:
(Other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No.	Name of Shareholder	Particulars	Date	Reason	Shareholding		Cumulative shareholding during the year	
					No. of Shares	% of total shares	No. of Shares	% of total shares
1	WEALTH FIRST PORTFOLIO MANAGERS	At the beginning of the year			60000	4.3516		
		Changes during the year	08-04-16	SALE	-3000	-0.229	57000	4.1226
			22-04-16	SALE	-12000	-0.9161	45000	-1.1451
			29-04-16	SALE	-15000	-1.1451	30000	-2.0612
			20-05-16	PURCHASE	3000	0.229	33000	-0.9161
			03-06-16	PURCHASE	3000	0.229	36000	0.458

Pecos Hotels and Pubs Limited
Annual Report 2016-17

			17-06-16	SALE	-6000	-0.4581	30000	-0.2291
			21-10-16	PURCHASE	3000	0.229	33000	-0.2291
			06-01-17	PURCHASE	6000	0.4581	39000	0.6871
			13-01-17	SALE	-3000	-0.229	36000	0.2291
			10-02-17	SALE	-18000	-1.3742	18000	-1.6032
			10-03-17	SALE	-3000	-0.229	15000	-1.6032
			31-03-17	PURCHASE	3000	0.229	18000	0
		At the end of the year			18000	1.1452	18000	1.3742
2	ASHISH NAVNITLAL SHAH	At the beginning of the year			54000	4.1225		
		Changes during the year	10-02-17	SALE	-27000	-2.0613		2.0612
		At the end of the year			27000	2.0612		2.0612
3	PALASH TYAGI	At the beginning of the year			30000	2.2903	30000	2.2903
		Changes during the year	-	-	-			
		At the end of the year			30000	2.2903	30000	2.2903
4	SUBHMANGAL MERCHANDISE PRIVATE LIMITED	At the beginning of the year			24000	1.8322		
		Changes during the year	17-03-17	SALE	-3000	-0.229	21000	1.6032
			24-03-17	SALE	-3000	-0.229	18000	-0.458
		At the end of the year			18000	1.3742	18000	1.1452

Pecos Hotels and Pubs Limited
Annual Report 2016-17

5	MOHINI MADAN	At the beginning of the year			18000	1.3742	18000	1.3742
		Changes during the year	-	-	-	-	-	-
		At the end of the year			18000		18000	1.3742
6	ANJU AGARWAL	At the beginning of the year			15000	1.1451	15000	1.1451
		Changes during the year			-	-	-	-
		At the end of the year			15000	1.1451	15000	1.1451
7	MUNISH MADAN	At the beginning of the year			15000	1.1451	15000	1.1451
		Changes during the year			-	-	-	-
		At the end of the year			15000	1.1451	15000	1.1451
8	POONAM MADAN	At the beginning of the year			15000	1.1451	15000	1.1451
		Changes during the year			-	-	-	-
		At the end of the year			15000	1.1451	15000	1.1451

Pecos Hotels and Pubs Limited
Annual Report 2016-17

9	RAJENDRA KUMAR MADAN	At the beginning of the year			15000	1.1451	15000	1.1451
		Changes during the year			-	-	-	-
		At the end of the year			15000	1.1451	15000	1.1451
10	SANTOSH KUMAR AGARWAL	At the beginning of the year			15000	1.1451	15000	1.1451
		Changes during the year			-	-	-	-
		At the end of the year			15000	1.1451	15000	1.1451
11	SANTOSH KUMAR AGARWAL	At the beginning of the year			15000	1.1451	15000	1.1451
		Changes during the year			-	-	-	-
		At the end of the year			15000	1.1451	15000	1.1451

*Shareholding is consolidated based on Permanent Account Number (PAN) of the Shareholder.

V. SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S. No.	Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. Collin Richard Timms	464995	35.4992	464995	35.4992
2.	Ms. Olinda Timms	315000	24.0481	315000	24.0481
3.	Mr. Liam Norman Timms	1	0.0001	1	0.0001

VI. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0			
ii) Interest due but not paid	0			
iii) Interest accrued but not due	0			
Total (i+ii+iii)	0			
Change in Indebtedness during the financial year				
- Addition	0			
- Reduction	0			
Net Change	0			
Indebtedness at the end of the financial year				
i) Principal Amount	0			
ii) Interest due but not paid	0			
iii) Interest accrued but not due	0			
Total (i+ii+iii)	0			

VII. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(in lakhs)

S. No.	Particulars of Remuneration	Name of MD/ WTD/ Manager			Total Amount
		Mr. Collin R Timms Chairman & MD)	Mr. Liam Norman Timms Whole-time Director	Mr. Jayanta Chatterjee, ED	
	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.40	4.20	9.00	15.60
1.	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0	0	0	0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	0	0	0	0
2.	Stock Option	0	0	0	0
3.	Sweat Equity	0	0	0	0
4.	Commission				
	- as % of profit	0	0	0	0
	- others, specify				

Pecos Hotels and Pubs Limited
Annual Report 2016-17

5.	Others, please specify	0	0	0	0
6.	Total (A)	2.40	4.20	9.00	15.60
7.	Ceiling as per the Act	0	0	0	

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Director				Total Amount
		Lloyd John Pereira	Koilpillai Joseph Davaraj	Nina Nayar	Olinda Timms	
1.	<u>Independent Directors</u>					
	•Fee for attending board committee meetings	10500	10500	3500	0	24500
	•Commission	0	0	0	0	0
	•Others, please specify	0	0	0	0	0
	Total (1)	10500	10500	3500	0	24500
2.	<u>Other Non-Executive Directors</u>	0	0	0	0	0
	•Fee for attending board committee meetings				6000	6000
	•Commission					0
	•Others, please specify	0	0	0	0	0
	Total (2)	0	0	0	6000	6000
	Total (B)=(1+2)	10500	10500	3500	6000	30500
	Total Managerial Remuneration	0	0	0	0	0
Overall Ceiling as per the Act		0	0	0	0	0

C. Remuneration to Key Managerial Personnel Other Than MD / Manager/ WTD:

(in lakhs)

S. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	Chief Financial Officer	Total
1.	Gross salary			
(a)	Salary as per provisions contained in section 17 (1) of the Income-tax Act, 1961	0	0	0
(b)	Value of perquisites u/s 17 (2) Income-tax Act, 1961	0	0	0
(c)	Profits in lieu of salary under section 17 (3) Income-tax Act, 1961	0	0	0
2.	Stock Option	0	0	0
3.	Sweat Equity	0	0	0
4.	Commission	0	0	0
	- as % of profit	0	0	0
	-others, specify...	0	0	0
5.	Others, specify	0	0	0
	Total			

VIII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the companies Act	Brief description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/ Court]	Appeal made. If any (give details)
A. Company					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
-	-	-	-	-	-
B. DIRECTORS					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	-	-	-	-
Punishment	-	-	-	-	-
Compounding	-	-	-	-	-

FORM AOC – 2

**(Pursuant to clause (h) of sub section 3 of section 134 of the Companies Act, 2013
and Rule 8 (2) of the Companies (Accounts) Rules, 2014)**

Form for disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under proviso thereto.

1. Details of contracts or arrangements or transactions not at arm's length basis –
Not Applicable
2. Details of material contracts or arrangements or transactions at arm's length basis.

Name of the Related Parties	Mr. Collin Richard Timms & Ms. Olinda Timms
Nature of Relationship	Director and Promoter of the Company
Nature of contracts/ arrangements/ transactions	Leasing of Property
Duration of contracts/ arrangements/ transactions	36 months from February 01, 2015
Salient terms of contract/ arrangements/ transactions including the value, if any.	Not Applicable
Value of contracts/ arrangements/ transactions	₹ 120000 pm
Date of approval by Board	January 21, 2015

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017.
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the
Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members
Pecos Hotels and Pubs Limited
CIN-U55101KA2005PLC035603
No. 189/1, 1st, 2nd, 3rd & 4th Floor,
Brigade Road, Bangalore - 560001

I have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by PECOS HOTELS AND PUBS LIMITED (CIN: L55101KA2005PLC035603) (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on 31.03.2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by PECOS HOTELS AND PUBS LIMITED for the financial year ended on 31.03.2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
 - i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
- (vi) There are no specific laws applicable to the Company pursuant to the business carried by the Company.
- (vii) The other general laws as may be applicable to the Company including the following:

(1) Employer/Employee Related laws & Rules:

- i. [The Employees Provident Fund & Miscellaneous Provisions Act, 1952](#)
- ii. [The Employees State Insurance Act, 1948](#)
- iii. The Workmen's Compensation Act, 1923
- iv. The Maternity Benefits Act, 1961
- v. The Payment of Gratuity Act, 1972
- vi. The Payment of Bonus Act, 1965
- vii. The Trade Unions Act, 1926
- viii. The Payment of Wages Act, 1936
- ix. The Minimum Wages Act, 1948
- x. The Child Labour (Regulation & Abolition) Act, 1970
- xi. The Contract Labour (Regulation & Abolition) Act, 1970
- xii. The Industrial Employment (Standing Orders) Act, 1946
- xiii. Equal Remuneration Act, 1976
- xiv. Inter-State Migrant Workmen (Regulation of Employment and Conditions of Services) Act, 1979
- xv. The Sexual Harassment of Women at Work Place (Prevention, Prohibition & Redressal) Act, 2013
- xvi. Persons with Disabilities (Equal Opportunities, Protection of Rights and Full Participation) Act, 1996
- xvii. Prohibition of Employment as Manual Scavengers and their Rehabilitation Act, 2013
- xviii. The Industrial Establishments (National and Festival Holidays) Act, 1963
- xix. The Labour Welfare Fund Act, 1965
- xx. The Karnataka Daily Wage Employees Welfare Act, 2012

(2) Environment Related Acts & Rules:

- i. The Environment Protection Act, 1986
- ii. The Government Order Under Environment (Protection) Act, 1986

3) Economic/Commercial Laws & Rules:

- i. The Competition Act, 2002
- ii. The Indian Contract Act, 1872
- iii. The Sales of Goods Act, 1930
- iv. The Indian Stamp Act, 1899

4) Other Laws & Rules:

- I. TRADE MARKS ACT, 1999
- II. Karnataka Shops & Commercial Establishments Act, 1962
- III. The Karnataka Excise Act, 1965
- IV. The Karnataka Prohibition Act, 1961
- V. The Narcotic Drugs and Psychotropic Substances (Karnataka) Rules 1985
- VI. Karnataka Excise (Department) Rules 1967
- VII. Karnataka Excise (Sale of Indian and Foreign liquors) Rules, 1968,
- VIII. Food safety and standards act 2006

I have also examined compliances with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India on the Board and General Meetings i.e. SS - 1 and SS - 2 (applicable from 1st July, 2015).
- (ii) The Listing Agreements entered into, by the Company and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, wherever applicable.

During the period under review, the Company has complied with the provisions of the Acts, Rules, Regulations, Guidelines, Standards, etc. mentioned above. Certain non material findings made during the course of the audit relating to the provisions of Companies Act, Secretarial Standards, Labour Laws were addressed suitably by the Management.

The following are some of the suggestions which in my opinion could make the Company's compliance status most effective:

- 1. Compliance of Secretarial Standards needs to be strengthened.
- 2. The Company has obtained registration under class 42 of TRADE MARKS ACT, 1999. The Company could have registered its Trademark under Class 32, 33 and 43 of the TRADE MARKS ACT, 1999 be more suitable and would have more impact towards the compliances under said Trade Mark Act.

Further I report that with regard to financial and taxation matters, I have relied on the Audit Report, Limited Review Report and the Internal Audit Report provided by the Statutory/Internal Auditor as the case may be.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors which took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes as per the practice followed. However, during the period under report, there was no such case instance.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

This report is read with our letter of even date which is annexed as '**Annexure – A**' and form integral part of this report.

For VB & Associates
Company Secretaries

Vighneshwar Bhat
Proprietor
ACS No: 25597
CP No: 10012

Place: Bengaluru
Date: 05.09.2017

Encl: Annexure A

Annexure A

To
The Members
Pecos Hotels and Pubs Limited

My report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. My responsibility is to express an opinion on these secretarial records based on our audit.
2. I have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of Secretarial Records. The verification was done on test basis to ensure that correct facts are reflected in the secretarial records. I believe that the processes and practices, I have followed provide a reasonable basis for our opinion.
3. I have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company including records under Income Tax Act, Central Excise Act, Customs Act, Central and State Sales Tax Act.
4. Where ever required, the Company has represented about the compliance of laws, rules and regulations and happening of events etc as applicable from time to time.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of Management. My examination was limited to the verification of procedures on test basis.
6. The secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the Management has conducted the affairs of the Company.

For VB & Associates
Company Secretaries

Vighneshwar Bhat
Proprietor
ACS No: 25597
CP No: 10012

Place: Bengaluru
Date: 05.09.2017

CORPORATE GOVERNANCE REPORT

On September 2, 2015, The Securities and Exchange Board of India (SEBI) had notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 replacing the erstwhile Listing Agreement, effective from December 1, 2015. The new Listing Agreement is aimed at consolidating and streamlining the provisions of existing listing agreements for different segment of the capital markets.

COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company committed to good corporate governance practices based on the principles such as accountability, transparency in dealings with our stakeholders, emphasis on communication and transparent reporting. The Company's has been diligently developing best practices to ensure its responsibility to the stakeholders.

The Company believes that good corporate governance practices help to enhance performance and valuation of the Company. The Company also respects the right of its shareholders to information on the performance of the Company and considers itself as trustee of its shareholders.

I. BOARD OF DIRECTORS

The Board of Directors consists of 7 Directors including Executive Directors, Non- Executive Directors, Independent Directors and Women Directors.

• Composition of Board of Directors:

The Composition of Board of Directors is as follows:

S. No.	Name of Director	Category
1.	Mr. Collin Richard Timms	Chairman and Managing Director
2.	Mr. Liam Norman Timms	Whole-time Director
3.	Mr. Jayanta Chatterjee	Executive Director
4.	Ms. Olinda Timms	Non-Executive Director
5.	Ms. Nina Nayar	Non-Executive Independent Director
6.	Mr. Koilpillai Joseph Davaraj	Non-Executive Independent Director
7.	Mr. Lloyd John Pereira	Non-Executive Independent Director

• **Number of Board Meetings in the year:**

The Board of Directors met 9 times during the financial year 2015-16. The intervening gap between the meetings was within the period prescribed under the Companies Act, 2013. The dates of the Board meetings held are as follows:

Sr. No.	Date on which Board Meetings were held
1.	06/05/2016
2.	26/05/2016
3.	19/08/2016
4.	01/10/2016
5.	14/11/2016
6.	15/02/2017

• **Attendance of Directors at Board meetings held in the previous year is as follows:**

S. No.	Name of Director	Category of Director	No. of Board Meetings Attended	Attendance at the Last AGM	No. of Directorships in other Public Companies	No. of Committee/ Membership in which he/she is a Member or Chairperson
1.	Mr. Collin Richard Timms	Managing Director	6	YES	1	None
2.	Mr. Liam Norman Timms	Whole-time Director	6	YES	1	None
3.	Mr. Jayanta Chatterjee	Executive Director	4	YES	None	None
4.	Ms. Olinda Timms	Non-Executive Director	6	YES	None	None
5.	Ms. Nina Nayar	Independent Director	3	-	1	None
6.	Mr. Koilpillai Joseph Davaraj	Independent Director	6	YES	None	None
7.	Mr. Lloyd John Pereira	Independent Director	6	YES	None	None

• **Disclosure of relationship between Directors:**

Mr. Collin Richard Timms and Ms. Olinda Timms are related to each other as husband and wife. Mr. Liam Norman Timms is son of Mr. Collin Richard Timms and Ms. Olinda Timms. Except the above stated none of the directors are related to each other.

• **Shares held by Non- executive Directors as on 31st March, 2017:**

S. No.	Name of Director	No. of Shares held
1.	Ms. Olinda Timms	315000

• **Independent Directors Meeting:**

In Compliance with the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015; the Independent Directors Meeting of the Company was held on 20th March, 2017.

II. AUDIT COMMITTEE

The Board of Directors of the Company has constituted an Audit Committee consisting of 3 Directors, out of which 2 are Non – Executive Independent Directors.

• **No. of Meetings held:**

During the year 6 Audit Committee meetings were held i.e., on 28/04/2016, 26/05/2016, 12/08/2016, 28/10/2016, 14/11/2016 and 25/02/2017.

• **Composition of Audit Committee:**

S. No.	Name	Designation	Position in Committee	No. of Meetings Attended
1.	Mr. Lloyd John Pereira	Non – Executive Independent Director	Chairman	
2.	Mr. Collin Richard Timms	Managing Director	Member	
3.	Mr. Koilpillai Joseph Davaraj	Non – Executive Independent Director	Member	

The Company Secretary acts as the Secretary of the Committee.

• **Role of the Audit Committee:**

1. Overseeing the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.
2. Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
4. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:

- a. Matters required being included in the Directors Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act.
 - b. Changes, if any, in accounting policies and practices and reasons for the same.
 - c. Major accounting entries involving estimates based on the exercise of judgment by management.
 - d. Significant adjustments made in the financial statements arising out of audit findings.
 - e. Compliance with listing and other legal requirements relating to financial statements.
 - f. Disclosure of any related party transactions.
 - g. Qualifications in the draft audit report.
5. Reviewing, with the management, the half yearly and annual financial statements before submission to the board for approval
6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
7. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
8. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
9. Discussion with internal auditors on any significant findings and follow up there on.
10. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
11. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
12. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.

13. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
14. Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience & background, etc. Of the candidate.
15. To overview the Vigil Mechanism of the Company and took appropriate actions in case of repeated frivolous complaints against any Director or Employee.

III. STAKEHOLDERS RELATIONSHIP COMMITTEE:

The Board of Directors of the Company has constituted Stakeholders Relationship Committee consisting of 3 Directors, 2 of whom are Non-Executive Independent Directors.

• Number of Meetings held:

During the year 2 Shareholders Relationship Committee Meetings held on 17/05/2016 and 25/11/2016.

• Composition of Shareholders Relationship Committee:

S. No.	Name	Designation	Position in Committee	No. of Meetings Attended
1.	Mr. Koilpillai Joseph Davaraj	Non – Executive Independent Director	Chairman	
2.	Mr. Lloyd John Pereira	Non – Executive Independent Director	Member	
3.	Mr. Liam Norman Timms	Whole-time Director	Member	

The Company Secretary shall act as a Secretary to the Stakeholders Relationship Committee.

• Terms of reference:

1. Redressal of shareholders'/investors 'complaints;
2. Reviewing on a periodic basis the Approval of transfer or transmission of shares, debentures or any other securities made by the Registrar and Share Transfer Agent;
3. Issue of duplicate certificates and new certificates on split/consolidation/renewal;
4. Non-receipt of declared dividends, balance sheets of the Company; and
5. Carrying out any other function as prescribed under the Listing Agreement.

• **Name, Designation and Address of Compliance Officer:**

Mr. Kiran P George
Company Secretary and Compliance Officer
No. 139, 2nd Floor,
Guardian House (Gurumurthy Bhavan)
Infantry Road,
Bengaluru – 560001
Telephone: (080) 25580971

• **Details of Investors Complaints:**

During the year no complaints were received from investors, which were replied/ resolved to the satisfaction of the investors and none of the complaints is pending as on date.

There was no request for Share Transfer and Dematerialization pending as on March 31, 2017.

IV. NOMINATION AND REMUNERATION COMMITTEE

The Board of Directors of the Company has constituted a Nomination and Remuneration Committee consisting of 3 Directors, all of whom are Non-Executive- Independent Directors.

• **No. of Meeting held during the year:**

During the year one Nomination and Remuneration Committee held on 25/05/2016.

• **Composition of Nomination and Remuneration Committee:**

S. No.	Name	Designation	Position in Committee	No. of Meetings Attended
1.	Ms. Nina Nayar	Non – Executive Independent Director	Chairman	
2.	Mr. Koilpillai Joseph Davaraj	Non – Executive Independent Director	Member	
3.	Mr. Lloyd John Pereira	Non – Executive Independent Director	Member	

The Company Secretary shall act as a Secretary to the Nomination and Remuneration Committee.

• **Terms of Reference:**

1. The Committee to identify the persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down,
2. Recommend to the Board their appointment and removal,
3. Carry out evaluation of every director's performance.
4. Formulate the criteria for determining qualifications, positive attributes and independence of a director.
5. Recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
6. Decide the salary, allowances, perquisites, bonuses, notice period, severance fees and increment of Executive Directors.
7. To recommend to the Board, the remuneration packages of the Company's Managing/Joint Managing/Deputy Managing/Whole time / Executive Directors, including all elements of remuneration package (i.e. salary, benefits, bonuses, perquisites, commission, incentives, stock options, pension, retirement benefits, details of fixed component and performance linked incentives along with the performance criteria, service contracts, notice period, severance fees etc.);
8. To be authorized at its duly constituted meeting to determine on behalf the Board of Directors and on behalf of the shareholders with agreed terms of reference, the Company's policy on specific remuneration packages for Company's Managing/Joint Managing/ Deputy Managing/ Whole time/Executive Directors, including pension rights and any compensation payment;
9. Such other matters as may from time to time be required by any statutory, contractual or other regulatory requirements to be attended to by such committee.

• **Details of Remuneration to Directors during the year 2016-17:**

Name of Director	Yearly Remuneration (Rs. in Lacs)
Mr. Collin Richard Timms	2.40
Mr. Liam Norman Timms	4.20
Mr. Jayanta Chatterjee	9.00
Total	15.6

V. GENERAL BODY MEETINGS:

• Annual General Meeting (“AGM”):

Financial Year	Date	Time	Venue
2013-14	29 th September, 2014	12:00 P.M.	No. 189/1, 1 st , 2 nd , 3 rd and 4 th Floor, Brigade Road, Bengaluru, Karnataka - 560001
2014-15	7 th August, 2015	11:30 A.M.	
2015-16	24 th September, 2016	11.A.M.	At No. 139, 2 nd Floor, Guardian House (Gurumurthy Bhavan), Infantry Road, Bengaluru – 560001

• Special Resolution:

Special resolution was passed by the Company for appointment of Director and revision of remuneration to whole time Director in the last AGM held on 26th September 2016. No other special resolutions were passed in any of the previous AGM held by the company other than the above.

• Details of special resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern.

During the year under review, no special resolution has been passed through the exercise of postal ballot.

• Details of special resolution proposed to be conducted through postal ballot:

No special resolution is proposed to be conducted through postal ballot at the AGM to be held on September 30, 2017.

VI. MEANS OF COMMUNICATION:

Financials, Shareholding Pattern, Notices and other information is regularly been updated on the website of the Company i.e. www.pecoshotels.com and also on the BSE SME website.

Shareholders who are eligible to receive Notice of Annual General Meeting and Annual report is been provided with the same through electronic means (E-mail) and those whose E-mail is not registered are been provided physical copy.

VII. GENERAL SHAREHOLDER INFORMATION:

• Annual General Meeting for the Financial Year 2016-17:

Date : 30th September, 2017
Day : Saturday
Time : 11:00 A.M.
Venue : #139, 2nd Floor,

Guardian House (Gurumurthy Bhavan),
Infantry Road,
Bengaluru – 560001

As required under Regulation 36(3) of the SEBI Listing Regulations, particulars of Director seeking re-appointment at the forthcoming AGM are given in the Annexure to the Notice of the AGM to be held on September 24, 2017.

• **Financial Year:**

The Financial year of the company is for period of 12 months from 1st April to 31st March. The financial result of the company will be declared as per the following schedule:

Particulars	Tentative schedule
Half yearly unaudited Results	Within 45 days from 30 th September, 2017
Annual audited Result	Within 60 days from 31 st March, 2017

• **Dividend Payment:**

The board of directors of the company has not recommended any dividend for the financial year ended on 31st March, 2016.

• **Listing on Stock Exchange:**

The Company got listed on Bombay Stock Exchange SME platform, w.e.f. 11th August, 2015.

Scrip Code and Name: 539273 – PECOS

The Listing fee for the year 2016 –17 has been paid by the Company to BSE.

• **Market Price Data of Each Month:**

Month	High	Low	Volume
April-2016	72.00	59.00	33000
May-2016	67.10	65.10	6000
June-2016	71.00	69.90	6000
July-2016	-	-	-
August-2016	70.00	69.90	6000
September-2016	-	-	-
October-2016	69.90	69.90	3000
November-2016	-	-	-
December-2016	67.00	67.00	3000
January-2017	64.50	64.00	6000

February—2017	112.20	68.05	78000
March--2017	129.00	122.00	33000

• **Dematerialization of Shares:**

As on 31st March, 2017 all 13,09,875 Equity Shares of the Company were held in dematerialized form.

• **Shareholding Pattern as on 31st March, 2017:**

(i) Distribution of equity shareholding as on March 31, 2017:

Number of Equity Shares held	Number of Shareholders	Number of Shares	% of Capital
1-500	04	4	0.0003
501-1000	00	00	0.00
1001-2000	00	00	0.00
2001-3000	32	96000	7.3289
3001-4000	01	3001	0.2291
4001-5000	00	00	0.00
5001-10000	08	57000	4.3516
10001 and above	20	1153870	88.0901
Total	64	1309875	100

(ii) Categories of equity shareholders as on March 31, 2017:

Category	Number of Equity Shares held	Percentage of holding
Promoters and Promoter Group	850872	64.9583
Clearing Member	6000	0.4581
Hindu Undivided Family	27000	2.0613
Other Bodies Corporate	63000	4.8096
Indian Public	363003	27.7128
Total	1309875	100

• **Registered Office:**

No. 189/1, 1st, 2nd, 3rd and 4th Floor
Brigade Road
Bengaluru – 560001

• **Corporate Office:**

No. 139, 2nd Floor,
Guardian House, Infantry Road,
Bengaluru – 560001

• **Registrar and Transfer Agent:**

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West)
Mumbai – 400078

• **Investors / shareholders correspondence:**

Investors / Shareholders may Correspondence with the company at the Corporate Office of the company at #139, 2nd Floor, Guardian House, Infantry Road, Bengaluru – 560001
Contact info.: (088) 25580971, E-mail Id- pecoshotels@gmail.com

VIII. OTHER DISCLOSURES:

• **Related Party Transactions:**

All related party transactions are at arm's length and are not in conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standards (AS18) has been made in the Financial Statements.

• **Strictures and Penalties :**

The company has complied with the requirements of the stock exchange, SEBI and other statutory authorities on all matters related to capital markets since its listing on 11th August, 2015. There were no penalties imposed nor any strictures issued on the Company by the Stock Exchanges, SEBI or any other statutory authority relating to the above.

• **Reconciliation of Share Capital Audit:**

As stipulated by SEBI, a qualified Practicing Company Secretary carries out the Reconciliation of Share Capital to reconcile the total capital held with the National Security Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. The Audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The report, inter alia, confirms that the total listed and paid-up share capital of the Company is in agreement with the aggregate of the total dematerialized shares and those in physical mode.

• **Code of Conduct:**

All the Board members and Senior Management Personnel (as per Uniform Equity Listing Agreement) have affirmed the compliance with the Code of Conduct. A declaration to this effect signed by the Managing Director forms part of this Annual Report of the Company.

IX. CEO/CFO CERTIFICATION:

The Chief Executive Officer (Managing Director) & Chief Financial Officer have certified to the Board in accordance with uniform Listing Agreement pertaining to CEO / CFO certification for the financial year ended 31st March, 2016 is annexed and forms part of this Report.

X. COMPLIANCE REPORT ON CORPORATE GOVERNANCE:

Pursuant to The SEBI (Listing Obligation and Disclosures Requirements) Regulation, 2015, Compliance Report on Corporate Governance is not applicable to our Company as, our Company has been listed on SME Platform.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INDUSTRY STRUCTURE AND DEVELOPMENT:

The Food & Beverages retail industry in India offers huge growth opportunities as it is in the process of migration from the unorganized to the organized sector. The multibillion retail F&B industry in India largely exist in the unorganized sector and the increase of public consumption for labeled food and beverage products is a golden opportunity. This offers the few organized players tremendous scope for growth & development. This opportunity however comes with challenges that need to be overcome. The need that customer might be seeking to satisfy are the need of special food items, the need for good value for the price paid, a friendly atmosphere and the need for enhancement of self-esteem. This demands the companies to maintain the higher standard of quality and consistency.

2. OPPORTUNITIES & THREATS:

The opportunities to create the green field F&B brands in India at this stage are very exciting. Companies that are able to understand the pulse of discerning customers can develop product offerings that can grow into multibillion dollar franchised chains. However the challenges to grow without compromising the quality and profit margins persist.

Despite these opportunities we are also conscious of the threats posed by expansion without proper consolidation and it is therefore our endeavor to balance rapid growth with development and strengthening of systems & processes that will deliver a consistent end product at ever increasing margins and the Industry also faces regulatory threats that can destruct operations without notice.

3. SEGMENT WISE OR PRODUCT WISE PERFORMANCE:

The Financial year 2016-17 saw your company bringing online a new brand Denim. Denims are results of the association of Pecos Hotels & Pubs and core Hotels. Denims are located in the Formula-1 Branded hotels. These restaurants offers Breakfast, In-room dining. The restaurants are also strategically located to attract walk in guests from the neighborhood.

Your company is optimistic about the performance of these restaurants and our association with global brands such as ECO.

4. OUTLOOK:

Your company will continue to consolidate its position as a leading pub brand of India and also focus on development of the non liquor brands in its portfolio. The business outlook of the company is positive based on our carefully laid out expansion plans. The company is seeking to expand its turnover by adding more restaurants to its fold.

5. RISKS AND CONCERNS:

Huge business opportunities in the sector also result in huge competition. Much of these competitions come from startups promoted by individuals with little or no prior experience in the sector. Unfortunately many of these fail within the first year of operation. This results in disruption of growth of industry and also could lead to pricing pressures. Your company sees these risks and concerns and taking proper actions to mitigate the same.

6. INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY:

The secret of success behind food & beverage retail industry is nothing but cost control and productivity enhancement. Your company has put in place diligent processes to achieve these controls. The performances of every outlets are monitored on daily basis by a team of dedicated personal. These management systems are supported by a robust information technology backbone that provide for instant reporting and problem redressal.

7. DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE:

The Management team is constantly challenged to optimize their performance and thus deliver the highest margin on sales possible. Ours is culture of achieving maximum performance with minimum resources.

5. MATERIAL DEVELOPMENT ON HUMAN RESOURCES:

Human capital is the most vital building block especially in the F&B retail business. Our Management team is constantly motivated to enhance the value of our human capital by developing a culture of constant teaching and learning. The collective efforts of each individual in the company in this endeavor will lift the performance of company as a whole.

For and on behalf of the Board

Collin Richard Timms
Managing Director
(DIN: 00523528)

Date: 05.09-2017
Place: Bengaluru

**DECLARATION REGARDING COMPLIANCE BY BOARD MEMBERS AND SENIOR
MANAGEMENT PERSONNEL WITH THE COMPANY'S CODE OF CONDUCT:**

I Collin Richard Timms (DIN: 00523528), Chairman and Managing Director of **PECOS HOTELS AND LIMITED**, declare that all the Board Members and Senior Management Personnel have complied with the Code of Conduct applicable to them for the financial year ended March 31, 2017.

Place: Bengaluru
Date: 05.09-2017

Collin Richard Timms
Managing Director
(DIN: 00523528)

CEO/CFO CERTIFICATION

To,
The Board of Directors
PECOS HOTELS AND PUBS LIMITED

I, Collin Richard Timms, the Managing Director (DIN: 00523528) of the Company and I, Shailesh B. M., the Chief Financial Officer (CFO) of the Company do hereby certify to the Board that:

1. We have reviewed financial statements and the cash flow statement for the year ending 31st March, 2017 and that to the best of our knowledge and belief:
 - i. These statements do not contain any materially untrue statement or omit any material factor or contain statements that might be misleading;
 - ii. These statements together present a true and fair view of the company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the company during the year which are fraudulent, illegal or violative of the company's code of conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.
4. We have indicated to the auditors and the Audit committee:
 - i. Significant changes in internal control over financial reporting during the year;
 - ii. Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
 - iii. Instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the company's internal control system over financial reporting.

FOR AND ON BEHALF OF BOARD OF DIRECTORS

Place: Bengaluru
Date: 05.09.2017

Collin Richard Timms
(Managing Director)

Shailesh B. M.
(Chief Financial Officer)

PRACTICING COMPANY SECRETARIES REPORT ON CORPORATE GOVERNANCE

To
The Members
PECOS HOTELS AND PUBS LIMITED
CIN-L55101KA2005PLC035603
No. 189/1, 1st, 2nd, 3rd& 4th Floor,
Brigade Road, Bangalore - 560001

I have examined all the relevant records of PECOS HOTELS AND PUBS LIMITED ((CIN: L55101KA2005PLC035603) ('the Company') for the purpose of certifying the compliances of the conditions of Corporate Governance by the Company for the year ended 31st March, 2017 as stipulated under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015('the Listing Regulations').

The compliance of the conditions of Corporate Governance is the responsibility of the Management. My examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In my opinion and to the best of my information and explanations given to me, I certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations for the financial year ended on 31st March, 2017.

I further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For VB & Associates
Company Secretaries

Vighneshwar Bhat
Proprietor
ACS No: 25597
CP No: 10012

Place: Bengaluru
Date: 05.09.2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
M/s. Pecos Hotels and Pubs Limited

Report on the Financial Statements:

We have audited the accompanying financial statements of Pecos Hotels and Pubs ('the Company'), which comprise the Balance sheet as at 31 March 2017, the Statement of Profit and Loss and the Statement of Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements:

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility:

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion:

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,

- a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2017;
- b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

2. As required by Section 143 (3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The balance sheet, the statement of profit and loss and the cash flow statement dealt with by this Report are in agreement with the books of account;

(d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. There has been no pending litigations on its financial position in its financial statements.

ii. The Company is not required to make any provision, as required under the applicable law or accounting standards, as there are no long term contracts entered into by the company.

iii. There has been no requirement to transfer amounts to the Investor Protection Education Fund by the company; and

iv. The company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank notes during the period from 08th November, 2016 to 30th December, 2016 and these are in accordance with the books and accounts maintained by the company.

For Pecos Hotels and Pubs Limited

For K Venkatachalam Aiyer & Co.
Chartered Accountants
Firm Reg. No. 004610S

M SIVAKUMAR
Partner
M No. 023844

Place: Bengaluru
Date: 30.05.2017

ANNEXURE - A TO THE AUDITORS' REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the financial statements for the year ended 31 March 2017, we report that:

(i) In respect of fixed Assets;

- a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;
- b) The Company has a system of physical verification of fixed assets, which has been explained to us as a continuous process.
- c) We are informed that accordingly the Company has verified fixed assets during the year and as explained to us, no discrepancies were noticed on such verification.
- d) In our opinion and as shown by the books and records, the company has not disposed off substantial part of fixed assets during the year and the going concern status of the Company is not affected.

(ii) In respect of its inventories:

- a) The inventory of finished goods, semi-finished goods, raw materials and stores and spares has been physically verified by the management at reasonable intervals.
- b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.
- c) In our opinion and according to the information and explanations given to us, the Company is maintaining proper records of inventory. The discrepancies noticed on such verification between the physical stocks and the book records were not material.

(iii) The Company took unsecured loans from Directors/Shareholders/Other parties covered in the Register maintained under Section 189 of the Companies Act:

- a) The receipts of principal and interest have been regular/as per stipulation.
- b) There are no overdue amounts of more in respect of the loans granted to the bodies corporate listed in the register maintained under section 189 of the Act.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) The Company has not accepted any deposits from the public under the provisions of section 73 to 76 of Companies Act 2013.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise.

(b) According to the information and explanations given to us, there are no material dues of duty of customs which have not been deposited with the appropriate authorities on account of any dispute.

viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

ix) The Company did raise money by way of initial public offer or further public offer and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

xi) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such

transactions have been disclosed in the financial statements as required by the applicable accounting standards.

xiv) According to the information and explanations give to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The company is not required to be registered under section 45- IA of the Reserve Bank of India Act 1934.

For K Venkatachalam Aiyer & Co.
Chartered Accountants
Firm Reg. No. 004610S

M SIVAKUMAR
Partner
M No. 023844

Place: Bengaluru
Date: 30.05.2017

ANNEXURE - B TO THE AUDITORS' REPORT

We have audited the internal financial controls over financial reporting of Pecos Hotels and Pubs Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For K Venkatachalam Aiyer & Co.
Chartered Accountants
Firm Reg. No. 004610S

M SIVAKUMAR
Partner
M No. 023844

Place: Bengaluru
Date: 30.05.2017

BALANCE SHEET
AS AT MARCH 31, 2017

(Amount in Rupees)

	Particulars	Note	As at March 31,	
			2017	2016
A	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	2	13,098,750	13,098,750
	(b) Reserves and surplus	3	24,607,948	21,315,813
2	Share application money pending allotment		-	-
3	Non-current liabilities			
	(a) Long-term borrowings	4	1,550,000	1,600,000
	(b) Other long term liabilities		-	-
4	Current liabilities			
	(a) Short term borrowings		244,929	837,429
	(b) Trade payables	5	4,151,887	-145,678
	(c) Other current liabilities	6	1,286,782	1,647,485
	(d) Short-term provisions	7	2,385,516	2,866,672
	TOTAL		47,325,813	41,220,471
B	ASSETS			
1	Non-current assets			
	(a) Fixed assets	8		
	i. Tangible assets		3,611,027	1,287,750
	ii. Intangible assets		402,916	534,763
	(b) Non-current Investments		5,500,000	-
	(c) Deferred tax assets (net)	9	839,142	740,903
	(d) Long-term loans and advances	10	7,462,000	16,703,123
	(e) Other Assets	11	7,632,914	1,834,738
2	Current assets			
	(a) Current investments		-	-
	(b) Inventories	12	1,240,284	695,037
	(c) Trade receivables	13	39,879	93,344
	(d) Cash and cash equivalents	14	5,591,951	16,219,796
	(e) Short-term loans and advances	15	11,812,231	110,923
	(f) Other current assets	16	3,193,469	3,000,092
	TOTAL		47,325,813	41,220,471
SIGNIFICANT ACCOUNTING POLICIES		1		

The accompanying notes form an internal part of the financial statement

For and on behalf of the Board

As per our report of even date attached
For K. Venkatachalam Aiyer & Co.
Chartered Accountants
Firm's Registration No.: 004610S

Collin Richard Timms
Managing Director
(DIN: 00523528)

Liam Norman Timms
Whole-time Director
(DIN: 06453032)

Shailesh B. M.
Chief Financial Officer
Place: Bengaluru
Date: 30.05.2017

Swapnil Kshirsagar
Company Secretary

M SIVAKUMAR
Partner
Membership No.: 023844

STATEMENT OF PROFIT AND LOSS
For the year ended March 31, 2017

			(Amount in Rupees)	
	Particulars	Note	For the year ended March 31,	
			2017	2016
A	CONTINUING OPERATIONS			
1	Revenue from operations (gross)	17	51,797,458	42,865,700
	Less: Excise duty		-	-
	Revenue from operations (net)		51,797,458	42,865,700
2	Other Income		4,343,060	5,560,596
3	Total Revenue (1+2)		56,140,518	48,426,296
4	Expenses			
	(a) Cost of Material consumed	18	22,926,857	20,135,176
	(b) Employee benefit expense	19	8,371,848	5,924,915
	(c) Finance costs	20	133,949	111,585
	(d) Depreciation and amortization expense	8	1,531,866	1,021,187
	(e) Other expenses	21	18,363,332	16,461,161
	Total Expenses		51,327,852	43,654,024
5	Profit/ (Loss) before exceptional and extraordinary items and tax		4,812,666	4,772,272
6	Exceptional items		-	-
7	Profit/ (Loss) before tax		4,812,666	4,772,272
8	Tax Expense:			
	(a) Current tax expense for current year		1,617,000	1,585,016
	(b) (Less): MAT credit (where applicable)		-	-
	(c) Prior period expense		1,769	290,000
	(d) Deferred tax		-98,239	-80,734
9	Profit for the year after tax		3,292,135	2,977,990
10	Number of equity shares of face value of Rs. 10/- each			
	Earnings per share – Basic & Diluted		2.51	2.27

The accompanying notes form an internal part of the financial statement
For and on behalf of the Board

As per our report of even date attached
For K. Venkatachalam Aiyer & Co.
Chartered Accountants
Firm's Registration No.: 004610S

Collin Richard Timms
Managing Director
(DIN: 00523528)

Liam Norman Timms
Whole-time Director
(DIN: 06453032)

Shailesh B. M.
Chief Financial Officer

Swapnil Kshirsagar
Company Secretary

M SIVAKUMAR
Partner
Membership No.: 023844

Place: Bengaluru
Date: 30.05.2017

CASH FLOW STATEMENT
For the year ended March 31, 2017

Particulars	(Amount in Rupees)	
	For the year ended March 31, 2017	2016
A. Cash Flow from Operations		
Net Profit as per Statement of Profit and Loss	4,812,666	2,977,990
Add: Depreciation and amortization	1,531,866	1,021,187
Income tax	-	1,585,016
Deferred Tax	-	(82,734)
Financial Charges	133,949	111,585
Less: Interest Received	613,336	947,770
Income tax refund	-	1,420
Cash Flow before working capital adjustments	5,865,145	4,665,853
Changes in assets and Liabilities		
Inventories	(545,247)	(338,143)
Trade receivables	53,465	1,550,462
Loans and advances and other assets	(2,460,185)	(9,524,672)
Other Current asset	(193,377)	(649,903)
Other Non Current Assets	(5,798,176)	(1,834,738)
Trade Payables	3,705,065	(1,168,418)
Liabilities and Provisions	(2,460,626)	668,775
	(7,699,081)	(11,296,637)
Cash generated from operations	(1,833,936)	(6,630,785)
Net Income Tax (Paid)/ refunds	-	(1,198,580)
Cash flow before extraordinary item	(1,833,936)	(7,829,365)
Extraordinary item	-	-
Cash Flow from Operational Activities	(1,833,936)	(7,829,365)
B. Cash Flow from Investing Activities		
Addition to Fixed Assets	(3,723,296)	(621,190)
Investment made	(5,500,000)	-
Interest Received	613,336	947,770
Cash flow used for Investing Activities	(8,609,960)	326,580
C. Cash Flow from Financing Activities		
Issue of shares	-	4,590,000
Proceeds from share premium	(50,000)	16,628,340
Receipt/ (Repayment) of Borrowings	(133,949)	-
Interest & Finance Charges Paid	-	(111,585)
Cash Flow used for Financing Activities	(183,949)	21,106,755
Net Cash Flows during the year	(10,627,845)	13,603,971
Cash & Cash equivalents at the beginning of the year	16,219,796	2,615,825
Cash & Cash equivalents at the end of the year	5,591,951	16,219,796

The accompanying notes form an integral part of the financial statement
For and on behalf of the Board

Collin Richard Timms
Managing Director
(DIN: 00523528)

Shailesh B. M.
Chief Financial Officer
Place: Bengaluru
Date: 30.05.2017

Liam Norman Timms
Whole-time Director
(DIN: 06453032)

Swapnil Kshirsagar
Company Secretary

As per our report of even date attached
For K. Venkatachalam Aiyer & Co.
Chartered Accountants
Firm's Registration No.: 004610S

M SIVAKUMAR
Partner
Membership No.: 023844

Significant accounting policies

Company overview

Pecos Hotels and Pub Limited is engaged in Hotels and Pubs business. Company has earned esteem by providing high standard hospitality and services in Hotels and Pubs business. Company is putting effort for uplifting of society by providing employment for the local society.

The Company is a public limited company incorporated and domiciled in India and has its registered office at Bengaluru, Karnataka, India

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Basis of preparation of financial statements

These financial statements are prepared in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values. GAAP comprises mandatory accounting standards as prescribed under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 7 of the Companies (Accounts) Rules, 2014, the provisions of the Act (to the extent notified) and guidelines issued by the Securities and Exchange Board of India (SEBI). Accounting policies have been consistently applied except where a newly-issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

Use of estimates

The preparation of the financial statements in conformity with GAAP requires the Management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include computation of percentage of completion which requires the Company to estimate the efforts or costs expended to date as a proportion of the total efforts or costs to be expended, provisions for doubtful debts, future obligations under employee retirement benefit plans, income taxes, post-sales customer support and the useful lives of fixed tangible assets and intangible assets.

Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as the Management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are

reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

Revenue Recognition

Revenues/ Incomes are generally accounted on accrual, as they are earned. Revenue from pub sales (food and beverages) is recognized upon rendering of service. Revenue from operations includes sale of goods and services, adjusted for discounts (net).

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

Inventories

Inventories are measured at the lower of cost and net realizable value. Cost of inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present condition and location. Costs of materials are determined by the FIFO method.

Depreciation and amortization

Depreciation on fixed assets is provided to the extent of depreciable amount on written down value method (WDV) at the rates and in the manner prescribed in schedule II to the Companies Act, 2013 over their useful life. Intangible assets are amortized over their respective individual estimated useful lives on a straight-line basis, as per accounting standard 26.

Impairment

The Management periodically assesses, using external and internal sources, whether there is an indication that an asset may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. The recoverable amount is higher of the asset's net selling price and value in use, which means the present value of future cash flows expected to arise from the continuing use of the asset and its eventual disposal. An impairment loss for an asset is reversed if, and only if, the reversal can be related objectively to an event occurring after the impairment loss was recognized. The carrying amount of an asset is increased to its revised recoverable amount, provided that this amount does not exceed the carrying amount that would have been determined (net of any accumulated amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Employees Benefits

Employee Benefits such as salaries, allowances, non-monetary benefits and employee benefits are charged as expense to the profit and loss account in the period in which the service is rendered.

Gratuity and Leave Encashment will be accounted as and when the liability arises on cash basis.

Earnings per share

Basic earnings per share are computed by dividing the net profit after tax by the weighted average number of equity shares outstanding during the period. Diluted earnings per share is computed by dividing the profit after tax by the weighted average number of equity shares considered for deriving basic earnings per share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. The diluted potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value which is the average market value of the outstanding shares. Dilutive potential equity shares are deemed converted as of the beginning of the period, unless issued at a later date. Dilutive potential equity shares are determined independently for each period presented.

Cash and cash equivalents

Cash and cash equivalents comprise cash and cash on deposit with banks and corporations. The Company considers all highly liquid investments with a remaining maturity at the date of purchase of three months or less and that are readily convertible to known amounts of cash to be cash equivalents.

Provisions and contingencies

A provision is recognized when the Company has a Present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Where no reliable estimate can be made, a disclosure is made as contingent liability. A disclosure for a contingent liability is also made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. Contingent liabilities, if any are disclosed in the Notes.

Taxes on income

Income taxes are accrued in the same period that the related revenue and expenses arise. A provision is made for income tax, based on the tax liability computed, after considering tax allowances and exemptions. Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

Note 2: SHARE CAPITAL

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
<u>Autorised Share Capital</u>		
2000000 Equity Shares of Rs. 10/- each	20,000,000	20,000,000
	20,000,000	20,000,000
<u>Issued, Subscribed and Paid up Capital</u>		
850875 Equity Shares of Rs. 10/- each fully paid up	8,508,750	8,508,750
459000 Equity shares of Rs. 10/- each	4,590,000	4,590,000
TOTAL	13,098,750	13,098,750

i. Reconciliation of the number of shares and amount outstanding at the beginning and at the end of the reporting period:

Particulars	Opening Balance	Closing Balance
Equity shares with voting rights		
Period ended March 31, 2017		
- Number of shares	1,309,875	1,309,875
- Amount	13,098,750	13,098,750
Year ended March 31, 2016		
- Number of shares	850,875	850,875
- Amount	8,508,750	8,508,750

ii. Details of shares held by each shareholder holding more than 5% shares

Class of shares/ Name of shareholder	As at March 31, 2017		As at March 31, 2016	
	Number of shares held	% holding in that class of shares	Number of shares held	% holding in that class of shares
Collin Richard Timms	464,995	35	464,995	35
Olinda Timms	315,000	24	315,000	24
Delfin International Limited	70,875	5	70,875	5

- iii. The Company is not a subsidiary, associate or holding company as on the Balance sheet date.

Note 3: RESERVES AND SURPLUS

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
(a) Securities Premium Reserve		
Opening Balance	16,928,340	300,000
Add: On issue of shares	-	16,628,340
Less: Bonus Issue of equity shares	-	-
Less: On redemption of Debentures/ Bonds	-	-
Less: On buy back of Equity Shares	-	-
Closing balance	16,928,340	16,928,340
(b) Surplus/ (Deficit) in Statement of Profit and Loss		
Opening balance	4,387,473	1,409,483
Add: Profit/ (Loss) for the year	3,292,135	2,977,990
	7,679,608	4,387,473
Less: Appropriation	-	-
Bonus Issue of Equity shares	-	-
Prior period adjustment	-	-
Closing balance	7,679,608	4,387,473
TOTAL	24,607,948	21,315,813

Note 4: LONG TERM BORROWINGS

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Term Loans		
(A) From Banks		
Secured	-	-
Unsecured	-	-
(B) From Other Parties		
Unsecured		
(1) Delfin International Limited	600,000	650,000
(2) Guardian Health Management Pvt Ltd	-	-
(C) Related Parties		
(1) Director	950,000	950,000
TOTAL	1,550,000	1,600,000

Note 5: TRADE PAYABLES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
For Goods	4,151,887	-145,678
TOTAL	4,151,887	-145,678

Note 5.1: Under the Micro, Small & Medium Enterprises Development Act, 2006 which came into force from 2nd October, 2006, certain disclosures are required to be made relating to Micro, Small & Medium Enterprises. No amount is outstanding to Micro, Small & Medium Enterprises based on information available with the Company.

Note 6: OTHER CURRENT LIABILITIES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
(a) Statutory remittances		
- Tax Deducted at source	138,716	16,930
- Service Tax	31,991	2,000
- PF Payable	191,930	153,942
- ESIC Payables	249,079	-
- PT Payable	29,225	-
- VAT	466,004	-
(b) Advances from customers	-	-
(c) Other Current Liabilities		
(a) Salaries & Wages Payables	-	275,092
(b) Audit Fee Payable	159,638	192,138
(c) Other Current liabilities	-	1,114,396
(d) Directors Remuneration Payable	20,200	40,000
Total	1,286,782	1,647,485

Note 6.1: The statutory dues payable as on March 31, 2017, is paid within the due date.

Note 7: SHORT TERM PROVISIONS

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
(a) Provision – Others		
(i) Provision for Tax AY 2017-18	1,617,000	-
(ii) Provision for tax in the earlier years	752,983	2,757,983
(iii) Electricity	15,533	108,689
Total	2,385,516	2,866,672

Note 8: FIXED ASSETS

A	Particulars	Gross Block			Accumulated depreciation and Impairment			Net Block	
		Balance as at 01 st April, 2016	Additions/ Additions on Acquisition	Disposals/ Adjustments	Balance as at 31 st March, 2017	Balance as at 01 st April, 2016	Depreciation / amortization expense for the year	Balance as at 31 st March, 2017	Balance as at 31 st March, 2016
	(a) Plant and Equipment								
	Computer	53,247	-	-	53,247	52,965	-	282	282
	Computer (B)	250,622	114,950	-	365,572	50,440	198,109	117,023	200,182
	Plant and Machinery	191,274	-	-	232,854	167,951	21,821	43,082	23,323
	(b) Furniture and Fixtures								
	Furniture and Fixtures	2,954,144	365,369	-	3,319,513	2,606,910	162,966	549,637	347,234
	Electrical Fittings	351,713	423,495	-	775,208	213,846	150,274	411,088	137,866
	Interior	143,944	259,688	-	403,632	136,747	74,809	192,076	7,197
	(c) Vehicles								
	Vehicles	1,233,844	-	-	1,233,844	1,071,754	50,199	111,891	162,090
	(d) Office equipment								
	Air Conditioner	212,343	185,948	-	398,291	195,046	29,257	173,988	17,297
	Television/ Audio equipments	363,283	44,789	-	408,072	322,560	44,886	40,626	40,723
	Audio Equipments	582,768	282,880	-	865,648	440,083	84,991	340,574	142,685
	Generator	63,643	-	-	63,643	60,461	-	3,182	3,182
	Coolers	49,869	-	-	49,869	47,376	-	2,493	2,493
	Kitchenware	154,556	-	-	154,556	128,787	4,604	21,165	24,769
	Kitchenware (B)	192,600	1,827,215	-	2,019,815	152,697	445,428	1,421,690	39,903
	Other Office Equipments	60,693	126,136	-	186,829	31,318	66,217	89,294	29,375
	CCTV Camera	61,665	51,245	-	112,910	52,651	7,844	52,415	9,014
	Mobile Phone	111,792	-	-	111,792	12,657	58,615	40,520	99,135
	Total	7,032,000	3,723,295	-	10,755,295	5,744,249	1,400,019	3,611,027	1,286,750
	Previous year	6,456,609	575,390	-	7,032,000	4,846,119	898,130	1,287,750	1,610,491

Note 8.1: Intangible Assets

B.	Particulars	Gross Block				Accumulated depreciation and Impairment			Net Block	
		Balance as at 01 st April, 2016	Additions/ on Acquisition	Disposals/ Adjustments	Balance as at 31 st March, 2017	Balance as at 01 st April, 2016	Depreciation / amortization expense for the year	Balance as at 31 st March, 2017	Balance as at 31 st March, 2016	
	Goodwill	1,203,971	-	-	1,203,971	712,349	120,397	832,746	371,225	491,622
	Computer Software	45,800	-	-	45,800	2,659	11,450	14,109	31,691	43,141
	Total	1,249,771	-	-	1,249,771	715,008	131,847	846,855	402,916	534,763
	Previous year	1,203,971	45,800	-	1,203,971	591,952	123,056	715,008	534,763	612,019

Note 8.2: Goodwill is amortised as per Accounting Standard 26-Intangible Assets, over the period of 10 years.
Software is amortised over a period of 4 years.

Fixed Asset Schedule as per Income Tax Act, 1961

Particulars	WDV as at April 1, 2016	Addition during the year		Deletion	As at March 31, 2017	Rate of Depreciation	Depreciation	WDV as at March 31, 2017
		> 180 days	< 180 days					
Goodwill A/c	677,234	-	-	-	677,234	25%	169,309	507,926
Furniture and Fixtures	1,501,192	541,057	84,000	-	2,126,249	10%	208,425	1,917,824
Kitchenware	247,679	1,600,851	226,364	-	2,074,894	10%	196,171	1,878,723
Electrical Fittings	151,726	241,202	182,293	-	575,221	10%	48,407	526,814
Plant and Machinery	128,886	41,580	-	-	170,466	15%	25,570	144,896
Television/ Audio Equipments	206,589	44,789	-	-	251,378	15%	37,707	213,671
Air Conditioner	62,150	185,948	-	-	248,098	15%	37,215	210,883
Audio Equipment	133,848	244,218	38,662	-	396,728	15%	56,610	340,118
Fabricated Cooler	14,362	-	-	-	14,362	15%	2,154	12,208
Generator	2,865	-	-	-	2,865	15%	430	2,435
Car	738,451	-	-	-	738,451	15%	110,768	627,683
CCTV Camera	28,461	51,245	-	-	79,706	15%	11,956	67,750
Other Office Equipments	44,252	102,393	23,743	-	170,388	15%	23,777	146,611
Computer	167,097	114,950	-	-	282,047	60%	169,228	112,819
Software	32,060	-	-	-	32,060	60%	19,236	12,824
Mobile Phones	103,408	-	-	-	103,408	15%	15,511	87,897
TOTAL	4,220,260	3,168,233	555,062	-	7,943,555		1,132,473	6,811,082

Note 9: DEFERRED TAX

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Related to Fixed Assets	839,142	740,903
TOTAL	839,142	740,903

(Amount in Indian Rupees)

Particulars	Amount
WDV as per Companies Act (A)	1,013,943
WDV as per income tax Act (B)	6,811,082
Difference between the Written Down Values (A-B)	-2,797,139
Tax thereon @ 30.9%	-839,142
Deferred Tax Asset	-839,142
Deferred Tax Asset Opening Balance	-740,903
Net Deferred Tax Expense taken to Profit and Loss Account	-98239

Note 10: LONG TERM LOANS AND ADVANCES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
(a) Security deposits		
Rent Deposit	7,100,644	6,903,644
Other Deposits	101,856	994,615
Security Deposits	259,500	-
(b) Unsecured, considered good	-	8,804,864
TOTAL	7,462,000	16,703,123

Note 11: OTHER ASSETS

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Legal expenses on Issue	1,376,053	1,834,738
Pre Operative Expenses of new outlets	6,256,861	-
TOTAL	7,632,914	1,834,738

Legal and Professional expenses amounting to Rs. 2,293,423/- in connection to IPO and conversion of the Company to a Limited Company incurred in the Financial Year 2015-16 is being amortised over a period of 5 years.

Pre-operative expenses of new outlets amounting to Rs, 70,93,333/- being amortised for a period of five years.

Note 12: INVENTORIES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Stock-in-trade	1,240,284	695,037
TOTAL	1,240,284	695,037

Note 13: TRADE RECEIVABLES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Outstanding less than 6 months		
Customers	39,879	933,44
TOTAL	39,879	933,44

Note 14: CASH AND CASH EQUIVALENTS

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
(a) Cash on hand	831,135	797,354
(b) Balances with banks		
Guardian Souhardra Sahakari Bank Niyamita	361,241	335,621
ICICI	9,265	9,265
IndusInd Bank	142,446	-
IDBI Bank	20,000	-
Guardian Souharda Sahakari Bank - 13879	308	-
Fixed Deposit with Bank	4,227,556	15,077,556
TOTAL	5,591,951	16,219,796

Note 14.1: Details of Specified Bank Notes (SBN) held and transacted during the period 08/11/2016 to 30/12/2016

(Amount in Indian Rupees)

Particulars	SBN	Other denominations	Total
Closing cash in hand as on 08.11.2016	789,500	174,210	963,710
Add: Permitted Receipts during the period	-	1,035,306	1,035,306
Less: Permitted payments during the period	-	288,543	288,543
Less: Amount deposited in Banks	789,500	179,020	968,520
Closing cash in hand as on 30.12.2016			741,953

Note 15: SHORT-TERM LOANS AND ADVANCES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
(a) Others		
Advances	7,641,989	110,923
Advances to Suppliers	4,170,242	-
TOTAL	11,812,231	110,923

Note 16: OTHER CURRENT ASSETS

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Miscellaneous Expenditure	243,349	304,186
Interest accrued on deposits	799,083	815,197
TDS Receivable	25,662	-
Vat Refund Receivable	22,191	-
Service Tax CENVAT	2,103,185	1,880,709
TOTAL	3,193,469	3,000,092

Note 17: OTHER INCOME

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Interest Income	613,336	947,770
Brand Promotional Income	3,715,125	4,612,826
Miscellaneous Income	3,164	-
Service Charges	11,434	-
TOTAL	4,343,060	5,560,596

Note 18: MATERIALS CONSUMED

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Stock at commencement	695,037	356,894
Add: Purchases	23,472,104	20,473,319
	24,167,141	20,830,213
Less: Stock at closing	1,240,284	695,037
TOTAL	22,926,857	20,135,176

Note 19: EMPLOYEE BENEFITS EXPENSES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Salaries and wages	6,307,653	4,201,049
Directors Remuneration	610,000	480,000
Staff welfare expenses	1,454,195	1,243,866
TOTAL	8,371,848	5,924,915

Note 20: FINANCE COSTS:

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Interest expense on:		
Credit card	-	-
Bank Charges	100,852	103,499
Interest on TDS	205	8,086
Interest on VAT	32,892	-
TOTAL	133,949	111,585

Note 21: OTHER EXPENSES

(Amount in Indian Rupees)

Particulars	As at March 31	
	2017	2016
Power and fuel	1,597,090	1,317,937
Advertisement Expenses	17,553	220,182
Rent	6,772,066	6,099,427
Repairs and maintenance - Office	77,523	319,657
Repairs and maintenance – Machinery	72,679	434,416
Repairs and maintenance – Others	1,758,261	2,719,725
Rates and taxes	16,200	313,974
Communication	194,958	195,038
Traveling and conveyance	621,306	1,136,730

Printing and stationary	176,114	185,213
Water charges	433,853	465,194
Business Promotion	680,824	1,283,310
IPO Expenses	458,685	458,685
Miscellaneous Expenses Assets	60,837	76,047
Miscellaneous Expenses on New Outlets	1,564,215	-
License Renewal	272,000	123,000
Professional fees	2,889,676	810,326
Audit Fees	57,500	57,250
Miscellaneous expenses	303,619	48,728
Stock Exchange expenses	59,632	196,323
Penalty	21,000	-
Direct Expenses	388,607	-
TOTAL	18,363,332	16,461,162

Note 22: ACQUISITION OF PECOS PUB

Pursuant to the agreement for assignment of business dated January 14, 2015, the Company has acquired Pecos Pub, a sole proprietary concern of its Managing Director, Mr. Collin Richard Timms. The Assets and Liabilities as on 31st December, 2014 have been takeover at their book values. The Purchase Consideration of Rs, 1,800,000 for which 150,000 shares of Rs. 10 each were issues at Rs. 12.

Note 23: RELATED PARTY TRANSACTIONS

A. Particulars of companies / firms where control/ significant influence exists:

Particulars	Nature of Relationship
Delfin International Ltd	Company in which Director exercises control
Commits Education Private Limited	Company in which Director exercises control
GSK Enterprises Private Limited	Company in which Director exercises control
Guardian Health Management Private Limited	Company in which Director exercises control
C N Professional & Legal Services Private Limited	Company in which Director exercises control
Guardian Medical Services Private Limited	Company in which Director exercises control
Sol Aqua Nova Engineering company Private Limited	Company in which Director exercises control
Spot City Transit Services Private Limited	Company in which Director exercises control
Elcity Golf LLP	Company in which Director exercises control

B. Name of the Directors:

Particulars	Nature of Relationship
Collin Richard Timms	Managing Director
Olinda Timms	Director

Transactions with Related Parties mentioned in (A) above:

Particulars	Amount
Long term borrowings	6,00,000

Transactions with Related Parties mentioned in (B) above:

Particulars	Amount
Long term borrowings	9,50,000
Collin Timms	7,20,000
Olinda Timms	7,20,000

PECOS HOTELS AND PUBS LIMITED

(CIN: L55101KA2005PLC035603)

Regd. Office: 189/1, 1st, 2nd, 3rd & 4th Floor, Brigade Road, Bengaluru - 560001

Tel: ((080) 25580971, Fax: (080) 41464692

E mail ID: pecoshotels@gmail.com, website: www.pecospub.com

Form MGT-11

PROXY FORM

**[Pursuant to section 105(6) of the Companies Act, 2013 and Rule 19(3) of the
Companies (Management and Administration) Rules, 2014]**

Name of the Member(s):

Registered Address:

E mail ID:

Folio No. / Client ID: DP ID No.:

I/ We being the members of Shares of Pecos Hotels and Pubs Limited,
hereby appoint

1. Name: E mail ID:
Address:
..... Signature:
or failing him

2. Name: E mail ID:
Address:
..... Signature:
or failing him

3. Name: E mail ID:
Address:
..... Signature:

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Twelfth Annual General Meeting of the Company to be held on Saturday, September 30th, 2017 at 11:00 A. M. at #139, 2nd Floor, Guardian House (Gurumurthy Bhavan) Infantry Road, Bengaluru – 560001 and at any adjournment thereof in respect of such resolutions as are indicated below:

Sr. No.	Resolution	Vote	
		For	Against
1	To receive, consider and adopt the Audited Financial Statements of the Company for the Financial Year ended March 31, 2017 together with the reports of the Board of Directors and the Auditors thereon.(ordinary Resolution)		
2	To appoint a Director in place of Mr. Collin Richard Timms (DIN: 00523528), who retires by rotation and, being eligible, offers herself for re-appointment.(ordinary Resolution)		
3	Ratification of appointment of Auditors M/s K. Venkatachalam Aiyer and Co., Chartered Accountants (Firm Regn. No. 004610S) as an Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company(ordinary Resolution)		

Signed this Day of 2017

Affix Revenue Stamp

Signature of shareholder Signature of Proxyholder(s)

NOTE:

This form in order should be effective should be duly completed and deposited at the Corporate Office of the Company at 139, Guardian House, 2nd Floor, Infantry Road, Bengaluru – 560001 not less than 48 hours before the commencement of the Meeting.

PECOS HOTELS AND PUBS LIMITED

(CIN: L55101KA2005PLC035603)

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Tel: (080) 25580971, Fax: (080) 41464692

E mail ID: pecoshotels@gmail.com, website: www.pecospub.com

ATTENDANCE SLIP

Folio No. _____ DP ID No. _____ Client ID No. _____

I hereby record my presence at the 12th Annual General Meeting of the Company to be held on 30th day of September, 2017 at 11:00 A.M. at the Corporate Office of the Company situated at 139, 2nd Floor, Guardian House (Gurumurthy Bhavan) Infantry Road, Bengaluru – 560001 India.

Name of the Shareholder:

Name of the Proxy:

Signature of Proxy/ Member:

1. Only members/ Proxyholder can attend the meeting.
2. Member/ Proxyholder should bring his/ her copy of the Annual Report for the reference at the Meeting.

Note: Members are requested to bring their copies of Annual Report to the Meeting.

PECOS HOTELS AND PUBS LTD

Registered Address

No. 189/1, 1st, 2nd, 3rd, & 4th Floor
Brigade Road, Bangalore - 560001

Corporate Office

No.139, 2nd Floor
Guardian House (Gurumurthy Bhavan)
Infantry Road, Bangalore - 560001

Website : www.pecospub.com

Tel : 080 2558 0971

Email : pecoshotels@gmail.com